

# Senate Study Bill 3251

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON WARNSTADT)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to authorized delayed deposit service  
2 transactions, and making penalties applicable.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 6207XC 82  
5 rn/nh/5

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1 1 Section 1. Section 533D.9, Code 2007, is amended to read  
1 2 as follows:  
1 3 533D.9 FEE RESTRICTION == REQUIRED ~~DISCLOSURE~~ DISCLOSURES  
1 4 == ~~RIGHT OF RECISION~~.  
1 5 1. A licensee shall not charge a fee in excess of fifteen  
1 6 dollars on the first one hundred dollars on the face amount of  
1 7 a check or more than ten dollars on subsequent one hundred  
1 8 dollar increments on the face amount of the check for services  
1 9 provided by the licensee, or pro rata for any portion of one  
1 10 hundred dollars face value.  
1 11 2. A licensee shall give to the maker of the check, at the  
1 12 time any delayed deposit service transaction is made, or if  
1 13 there are two or more makers, to one of them, notice written  
1 14 in clear, understandable language disclosing all of the  
1 15 following:  
1 16 a. The fee to be charged for the transaction.  
1 17 b. The annual percentage rate as computed pursuant to the  
1 18 federal Truth in Lending Act, and the corresponding dollar  
1 19 value of the finance charge imposed.  
1 20 c. The date on which the check will be deposited or  
1 21 presented for negotiation.  
1 22 d. Any penalty, not to exceed fifteen dollars, which the  
1 23 licensee will charge if the check is not negotiable on the  
1 24 date agreed upon. A penalty to be charged pursuant to this  
1 25 section shall only be collected by the licensee once on a  
1 26 check no matter how long the check remains unpaid. A penalty  
1 27 to be charged pursuant to this section is a licensee's  
1 28 exclusive remedy and if a licensee charges a penalty pursuant  
1 29 to this section no other penalties under this chapter or any  
1 30 other provision apply.  
1 31 e. The right to rescind at no cost the transaction on or  
1 32 before the close of the following business day.  
1 33 f. The option of repaying the amount of the check pursuant  
1 34 to an extended payment plan facilitating a longer payment  
1 35 period than originally reflected on the check, at no  
2 1 additional charge, if the maker indicates the check will  
2 2 otherwise not be negotiable, or the maker has entered into a  
2 3 delayed deposit service transaction for more than four  
2 4 successive two-week intervals. The extended payment plan  
2 5 shall be made available at least once to a customer during a  
2 6 twelve-month period.  
2 7 3. In addition to the notice required by subsection 2,  
2 8 every licensee shall conspicuously display a schedule of all  
2 9 fees, charges, and penalties for all services provided by the  
2 10 licensee authorized by this section. The notice shall be  
2 11 posted at the office and every branch office of the licensee.  
2 12 Sec. 2. Section 533D.10, subsection 1, paragraph c, Code  
2 13 2007, is amended to read as follows:  
2 14 c. Hold or agree to hold a check for more than thirty-one  
2 15 days, other than pursuant to an extended payment plan as  
2 16 described in section 533D.9, subsection 2, paragraph "f", or  
2 17 extend or agree to extend the holding period of a check beyond  
2 18 thirty-one days pursuant to an extended payment plan by

2 19 imposing a fee or charge for the extension.

2 20 Sec. 3. Section 533D.10, subsection 1, Code 2007, is  
2 21 amended by adding the following new paragraph:

2 22 NEW PARAGRAPH. g. Pursue or threaten to pursue criminal  
2 23 action against the maker if a check is not negotiable on the  
2 24 date agreed upon.

2 25 EXPLANATION

2 26 This bill relates to practices authorized in connection  
2 27 with a delayed deposit services transaction.

2 28 The bill provides that notice must be given by a delayed  
2 29 deposit service licensee to a customer of the actual dollar  
2 30 value of the finance charge imposed by the licensee for the  
2 31 transaction, the right to rescind the transaction at no cost  
2 32 before the close of the following business day, and the option  
2 33 of an extended payment plan, at no additional charge, if the  
2 34 customer indicates the check will otherwise not be negotiable  
2 35 or has entered into a delayed deposit service transaction for  
3 1 more than four successive two-week intervals. The bill  
3 2 provides that the extended payment plan shall be made  
3 3 available at least once to a customer during a 12-month  
3 4 period.

3 5 The bill additionally provides that a licensee shall not  
3 6 extend or agree to extend the holding period of a check beyond  
3 7 31 days other than pursuant to an extended payment plan, shall  
3 8 not impose a fee or charge for an extended payment plan, or  
3 9 pursue or threaten to pursue criminal action against the  
3 10 customer if the check is not negotiable on the date agreed  
3 11 upon.

3 12 Existing penalties, including an administrative fine of  
3 13 \$5,000 per violation, would be applicable to violations of the  
3 14 bill's provisions.

3 15 LSB 6207XC 82

3 16 rn/nh/5.1